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FINANCIAL RULES FOR VOLUNTARY FUNDS ADMINISTERED BY THE HIGH COMMISSIONER FOR REFUGEES 1/

(Promulgated by the High Commissioner)

1/ This revision of the UNHCR Financial Rules, which replaces those contained in document A/AC.96/503/Rev.3, incorporates amendments approved by the Sub-Committee on Administrative and Financial Matters following deliberations held between November 1990 and February 1991 and reflected in document A/AC.96/767. It also incorporates amendments decided upon by the Executive Committee during a meeting held on 6 February 1991, as contained in paragraph 11 of document A/AC.96/768 of 14 February 1991. In line with this decision, these revised Rules are to have entered into effect as of 1 January 1991.

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Article I - APPLICABILITY

Authority and applicability

1.1 These rules, which are based on the provisions of the Financial Regulations of the United Nations, are established in accordance with paragraph 8 of General Assembly resolution 1166 (XII) and the subsequent directives of the Executive Committee of the High Commissioner's Programme. Except as may otherwise be provided by the General Assembly or the Executive Committee, these rules shall govern all financial activities of the United Nations High Commissioner for Refugees other than the administration of his regular budget.

1.2 Exceptions to these rules may only be made by specific decision of the High Commissioner, in a manner consistent with the Financial Regulations of the United Nations.

1.3 These rules shall not apply to the subsequent administration of moneys or supplies allocated by the High Commissioner under agreements with governments, governmental agencies, local authorities or other agencies, provided that those agreements contain appropriate provisions to ensure, in the opinion of the High Commissioner, that these moneys or supplies will be so utilized as to provide the maximum benefit for the purpose of the allocation, and subject to the provision of article XII regarding audit.

1.4 The Controller shall be responsible for the application of these rules on behalf of the High Commissioner.

1.5 These rules may be amended by the High Commissioner in consultation with the Executive Committee in a manner consistent with the Financial Regulations of the United Nations.

Definitions

1.6 For the purpose of these rules:

(a) "UNHCR" shall mean the Office of the United Nations High Commissioner for Refugees;

(b) "High Commissioner" shall mean the High Commissioner or his authorized delegate;

(c) "Executive Committee" shall mean the Executive Committee of the High Commissioner's Programme;

(d) "The Controller" shall mean the The Controller or his authorized delegate;

(e) "Representative" shall mean the officer in charge of a UNHCR field office;

(f) "Annual Programme" shall mean those activities which are approved annually by the Executive Committee, by country and area, and by types of assistance;

(g) "General Programmes" represent the sum of activities funded through the General Fund (6.1), namely those activities undertaken through the Annual Programme and the Emergency Fund (6.4 - 6.7);

(h) "Pledges" shall mean promises made at pledging conferences or otherwise, to make voluntary contributions in cash or in kind to a programme of specific activities; these pledges are considered firm and unconditional, unless otherwise qualified;

(i) "Conditional governmental pledges" shall mean the pledges which are subject to completion of the necessary legislative and administrative processes of the contributing governments.

Article II - FINANCIAL YEAR

2.1 The financial year shall be the period from 1 January to 31 December.

Article III - CONTRIBUTIONS

3.1 The High Commissioner may accept contributions offered in cash, kind or service, including contributions from sources other than governments, which can be utilized for the purposes of carrying out the functions laid upon him by the General Assembly or directives given to him by the Executive Committee. He may reject any offers which he does not consider appropriate or which cannot be utilized for the above purposes. The High Commissioner shall report to the Executive Committee all offers accepted.

3.2 The value of all contributions accepted for carrying out the above purposes shall normally be credited to the appropriate assistance programme, provided that contributions for purposes falling outside the approved programmes shall be credited to appropriate trust funds or the Emergency Fund.

3.3 An official receipt shall be issued in respect of all contributions received. Contributions in kind or in services will be taken into the appropriate account when received, at their value as estimated by the High Commissioner.

Article IV - OTHER INCOME

Revenue-producing activities

4.1 All revenue-producing activities shall be subject to the same financial controls as are applied to other activities.

4.2 No expenditure relating to revenue-producing activities shall be incurred against the gross income deriving from such activities without the written authorization of the The Controller, except to the extent specifically provided in the contractual arrangements for the activity.

4.3 Information showing gross revenue and expenditure as well as net revenue from each such activity shall be reported to the Executive Committee.

Miscellaneous income

4.4 Moneys received as a result of the sale or other disposal of supplies, equipment or other assets purchased from voluntary funds, shall be credited as miscellaneous income to the General Fund, unless otherwise directed by the Executive Committee.

4.5 Unless otherwise directed by the Executive Committee, adjustments of prior years' expenditure (refunds, cancellations and additional charges) shall be applied to the fund from which the expenditure was incurred, except as provided in rule 6.2 below.

Article V - CUSTODY OF FUNDS

5.1 The High Commissioner shall designate the banks in which the voluntary funds of UNHCR shall be kept. He shall establish such official bank accounts as may be required and designate signatories to operate the accounts.

5.2 Bank accounts established for UNHCR field offices shall be maintained by remittances from UNHCR Headquarters whenever possible on an imprest basis. Where appropriate and to the extent authorised by The Controller, remittances may be made through cheque drawings on bank accounts maintained by UNHCR Headquarters.

5.3 An official receipt shall be issued in respect of all moneys received.

5.4 All moneys received shall be deposited in an official UNHCR bank account not later than the business day following the date of receipt.

5.5 Officials responsible for the operation of UNHCR bank accounts shall not exchange one currency for another except to the extent necessary for the transaction of official business.

5.6 Only Representatives and such other officials as are designated by The Controller may approve payments on behalf of UNHCR.

5.7 Payment shall be made on the basis of supporting vouchers and other documents which indicate that the goods or services have been received in accordance with the documents establishing the obligation, that payment has not previously been made, and that the payment is properly due. Progress payments may be made when the High Commissioner deems it to be in the interest of UNHCR.

5.8 Payments in advance of the delivery of goods or performance of contractual services may be made if, in the opinion of the High Commissioner, generally accepted commercial practice or the essential interest of UNHCR so demand. Whenever such an advance payment is requested, the reasons therefor shall be recorded by the certifying officer.

5.9 Payments in excess of $50 or its equivalent shall be made by cheque or bank transfer unless otherwise authorized by The Controller.

5.10 Disbursements shall be recorded in the accounts as of the date when the disbursement is made, that is, when the cheque or instruction to the bank is issued, or cash is paid out.

5.11 Cheques and instructions to banks shall be signed by two officers from a panel or panels of signatories designated by the High Commissioner provided that signature of cheques by one officer may be authorized when circumstances so warrant.

Article VI - FUNDS

General Fund

6.1 There shall be established a General Fund to which all unspecified contributions, contributions for the Annual Programme and the Emergency Fund, miscellaneous income and balances not required for the replenishment of the Working Capital and Guarantee Fund shall be credited.

Working Capital and Guarantee Fund

6.2 A Working Capital and Guarantee Fund is established at a ceiling determined by the Executive Committee. The Fund shall be maintained by income from the following sources:

(a) income from repayments of loans;

(b) savings from prior years' Annual Programme and the Emergency Fund;

(c) interest on invested funds;

(d) voluntary contributions;

(e) other miscellaneous income including the net income of revenue-producing activities unless the Executive Committee has directed otherwise on the use of income from those activities.

6.3 The Working Capital and Guarantee Fund may be utilized for the following purposes:

(a) to replenish the Emergency Fund;

(b) to meet essential payments due for the implementation of projects pending receipt of contributions pledged;

(c) to guarantee obligations incurred against unconditional and conditional governmental pledges or firm pledges from organizations of established repute;

(d) to guarantee commitments in respect of revenue-producing activities of UNHCR;

(e) to fund in the course of a given year, obligations incurred under the Annual Programme and Emergency Fund pending the receipt of anticipated contributions, on the condition that the level of obligations so funded does not exceed one twelfth of that year's country and area programmes and overall allocations for the Annual Programme and Emergency Fund approved by the Executive Committee (see Article 7.3). However, this funding facility shall only be used to the extent that at the end of a given year, obligations thus funded do not exceed 3 per cent of that year's country and area programmes and overall allocations for the Annual Programme and Emergency Fund approved by the Executive Committee, and that the Working Capital and Guarantee Fund shall be replenished as a matter of priority in the subsequent year according to the provisions of Article 6.2 above, and where appropriate and necessary, from contributions to the Annual Programme;

(f) for any purpose that the Executive Committee may authorize.

Emergency Fund

6.4 The Emergency Fund is established to provide:

(a) financial assistance to refugees and displaced persons in emergency situations for which there is no provision in the programmes approved by the Executive Committee;

(b) such additional administrative expenditure resulting from those emergencies as cannot be met from the regular budget, pending action by the Executive Committee or the General Assembly.

6.5 The High Commissioner may allocate from the Emergency Fund up to $20,000,000 annually, provided that the amount made available for one single emergency shall not exceed $6,000,000 in any one year.

6.6 The Emergency Fund shall be maintained at not less than $6,000,000 by replenishments from the Working Capital and Guarantee Fund and by voluntary contributions.

6.7 The High Commissioner shall report to the Executive Committee at each session on the use made of the Emergency Fund.

Trust funds, reserve and special accounts

6.8 Subject to the provisions of rule 6.9 below, the High Commissioner may establish trust funds, reserve and special accounts for moneys becoming available to him for purposes falling outside the General Programmes, provided that the purposes are consistent with the aims, policies and activities of UNHCR.

6.9 The purpose and scope of each trust fund shall be defined by agreement between the High Commissioner and the donor. The purpose and limits of each reserve or special account shall be clearly defined by the High

Commissioner with the concurrence of the Executive Committee. Such funds and accounts shall be administered in accordance with these financial rules unless otherwise directed by the Executive Committee.

Article VII - APPROVAL OF PROGRAMMES

7.1 The High Commissioner shall submit annually to the Executive Committee for approval his General Programmes which will include estimates of the cost of country programmes and proposed over-all allocations for the following financial year.

7.2 The High Commissioner may submit to the Executive Committee for approval new or revised programmes and allocations for the current year.

7.3 The approval by the Executive Committee of the General Programmes constitutes an authorization to the High Commissioner to incur obligations and make payments up to the amounts approved.

7.4 The High Commissioner may effect transfers and such adjustments in projects, country or area programmes and overall allocations for the Annual Programme as may be required by changes affecting the refugee programmes for which they were planned, provided that the Executive Committee is informed of such adjustments and transfers at its next session.

Article VIII - IMPLEMENTATION OF PROJECTS

8.1 The High Commissioner may obligate the necessary funds for the implementation of projects in accordance with:

(a) the terms of the approval given by the Executive Committee for the country and area programmes and the overall allocations for the Annual Programme and the Emergency Fund; or

(b) the conditions governing other funds and accounts.

8.2 The High Commissioner may incur obligations for the implementation of projects to the extent that moneys and unconditional governmental pledges are available in the appropriate fund or account. The High Commissioner may also, pending the receipt of the contributions, enter into obligations up to one-half of the total amount of conditional governmental pledges, and of firm pledges from organizations of established repute. Furthermore, the High Commissioner may enter into obligations under the Annual Programme and the Emergency Fund, up to the amount funded from the Working Capital and Guarantee Fund as provided for in Article 6.3 (e) of these financial rules. This authority is subject to the following conditions:

(a) at the end of each year, all obligations of UNHCR shall be covered by the total of:

(i) moneys available;

(ii) unconditional governmental pledges; and

(iii) firm pledges made by organizations of established repute and guaranteed by the Working Capital and Guarantee Fund, provided that a memorandum record shall be kept of such pledges;

(iv) funds drawn from the Working Capital and Guarantee Fund as provided for in Article 6.3 (e) of these financial rules;

(b) at any given time the total amount of moneys available in all UNHCR funds and accounts shall be sufficient to meet the total payments due at that time.

8.3 Whenever possible and appropriate the implementation of projects will be entrusted to implementing agencies, e.g. governmental, inter-governmental or non-governmental bodies, private firms or individual experts.

8.4 Projects will be implemented in accordance with the terms of

- an agreement or a formal exchange of letters between UNHCR and the implementing agency or agencies, to be concluded before implementation starts, or

- a Letter of Instruction to the responsible official(s) or organizational unit(s) of UNHCR and any sub-agreements thereto.

8.5 Each agreement, sub-agreement or exchange of letters shall:

(a) define the purpose and objectives of the project and the means of achieving them;

(b) specify the conditions which are to govern the financing and implementation of the project;

(c) specify the amount of moneys to be made available by the High Commissioner, the currency in which it will be paid and, when applicable, the purposes for which it is to be used;

(d) specify the termination date of the project;

(e) prescribe the form of the financial statements to be submitted at least annually to the High Commissioner, and the dates on which they shall be submitted;

(f) provide that the High Commissioner may arrange for such inspections and examinations as he deems necessary to ensure the proper implementation of the project;

(g) provide that expenditure made by the agency under the agreement may be audited on behalf of the High Commissioner in accordance with Article XII of these rules.

8.6 The High Commissioner will not accept liability for compensation for death, disability or other hazards which may be suffered by employees

of the agencies or third parties as a result of their connection with the work financed by the High Commissioner.

8.7 When a project is to be implemented, totally or partially, by the Office of UNHCR itself, a formal Letter of Instruction to the responsible official(s) or organizational unit(s) shall be issued before implementation starts. Letters of Instruction may also be issued when, for the implementation of the project, a number of small sub-agreements have to be concluded between a representative responsible for the implementation of the project and various local agencies. Exceptionally, a Letter of Instruction may also be issued when a project is to be totally implemented by one single implementing agency.

8.8 Letters of Instruction shall define the purpose, objectives, duration and modalities of implementation of the project and the maximum amount to be expended. If any part of the project covered by a Letter of Instruction is to be implemented by an implementing agency or agencies, sub-agreements will be concluded in accordance with paras. 8.4 and 8.5(a) - (g) above.

Article IX - INVESTMENT OF FUNDS

9.1 The High Commissioner may make short-term investments of moneys not immediately required in accordance with the investment policies of the United Nations and in consultation with the Secretary-General where practical. A report on the investment shall be submitted to the Secretary-General at least once a year.

9.2 The High Commissioner shall report annually on such investments to the Executive Committee.

9.3 Except as provided in rule 6.2 above, and unless otherwise directed by the Executive Committee, income from investments shall be credited to the General Fund.

Article X - INTERNAL CONTROL

10.1 The High Commissioner shall establish internal controls to ensure:

(a) the regularity of receipt, custody and disposal of all assets entrusted to him;

(b) the conformity of obligations and expenditures with the directives of the Executive Committee or, as appropriate, with the purpose and conditions of the funds or accounts referred to under article VI above.

10.2 Before any expenditure is actually incurred, every obligation or proposal for incurring expenditure shall require certification by an officer designated for the purpose, provided that The Controller shall have the authority to certify obligations and expenditures under all accounts.

10.3 Certifying officers shall be designated by the High commissioner and shall be responsible for the specific accounts assigned to them. Alternates may be designated to act in the absence of the certifying officers. Certifying officers shall be responsible for ensuring that the proposed obligation or expenditure:

(a) is in accordance with the existing regulations, rules and instructions;

(b) conforms to the terms of the relevant authorizations from the Executive Committee or to the purpose and conditions of the relevant fund or account.

10.4 Commitments against the approved General Programmes for the following year may be made when they are necessary and in the interest of UNHCR. A memorandum record of all such commitments shall be maintained.

10.5 The High Commissioner may make ex-gratia payments where, although no legal liability on UNHCR exists, the moral obligation is, in his opinion, such as to make payment desirable in the interest of UNHCR. Ex-gratia payments cannot be made to provide assistance to refugees. A statement of any ex-gratia payments made shall be submitted to the United Nations Board of Auditors and to the Executive Committee with the annual accounts.

10.6 The High Commissioner may, after full investigation in each case, authorize the writing off of losses of cash, property or the book value of accounts receivable, including conversion of loans into grants, without restriction as to amount. The writing off of amounts less than $5,000 may be delegated by the High Commissioner to The Controller. A statement of all amounts written off shall be submitted to the Board of Auditors with the annual accounts.

10.7 The investigation shall in each case indicate the responsibility, if any, attaching to any officer of UNHCR for the loss. Such officer may be required to reimburse the loss either partially or in full.

10.8 A Property Survey Board shall be established at UNHCR Headquarters to advise the High Commissioner on questions arising from the management of equipment and supplies purchased out of UNHCR voluntary funds, and the ownership of which is vested in UNHCR.

10.9 Subject to the provisions contained in rule 1.3 above, the Board will advise the High Commissioner on the steps to be taken to ensure that:

(a) such equipment and supplies are the subject of up-to-date and detailed records;

(b) they are utilized for the purpose for which they were purchased and in accordance with the terms of the pertinent implementing instrument;

(c) shortages and damages are duly investigated;

(d) at the time of disposal (through sale, gift, exchange or destruction) of such property which has become surplus to operating requirements, the interests of UNHCR are fully protected.

10.10 The High Commissioner will establish a Committee on Contracts at UNHCR Headquarters. The Committee will review contracts awarded by UNHCR and involving major financial amounts. Rules and procedures of the Committee defining in particular the composition, the authority and the responsibility of the Committee will be issued by the High Commissioner.

Article XI - THE ACCOUNTS

11.1 The High Commissioner shall submit annual accounts which will include:

(a) A Balance Sheet showing separately:

(i) cash at banks and investments;

(ii) accounts receivable and other assets;

(iii) liabilities;

(iv) reserves;

(v) the surplus and balances resulting from the year's operations;

(b) A Statement of Income and Expenditure showing under the current and prior year's programmes and the various funds and accounts:

(i) contributions and other income received during the year;

(ii) prior years' adjustments made;

(iii) expenditures incurred;

(iv) the surplus and balances resulting from the year's operations;

(c) A Status of Obligations showing the liquidation of all obligations under the current and prior year's programmes and the various funds and accounts;

(d) Supporting schedules showing:

(i) in respect of governmental contributions, the contributions paid and pledged by each government, and the fund to which they have been credited;

(ii) in respect of inter-governmental, non-governmental and private contributions, the fund to which they have been credited;

(iii) other pertinent accounts data as considered useful, or necessary by the High Commissioner.

11.2 The schedule in respect of loan operations shall be shown on an annual and cumulative basis, and shall report on the loan transactions without distinction as to the programme or fund from which the loan was granted.

11.3 The accounts of all voluntary funds shall be maintained in United States dollars, provided that the accounts of field offices may be maintained in the national currency of the country concerned.

11.4 The High Commissioner shall submit accounts certified by The Controller and approved by himself to:

(a) the United Nations Board of Auditors within three months after the close of each financial year; and

(b) the Executive Committee at its next session. He shall also submit to the Executive Committee the audit certificate, the report of the board of Auditors and the report of the Advisory Committee on Administrative and Budgetary Questions thereon.

Article XII - AUDIT

12.1 Expenditures incurred by the High Commissioner under these rules shall be subject to audit by the Board of Auditors in accordance with the "Additional terms of reference governing the audit of the United Nations" annexed to the Financial Regulations of the United Nations.

Article XIII - GENERAL PROVISIONS

13.1 Every officer of UNHCR is responsible to the High Commissioner for the regularity of the actions taken by him in the course of his official duties. Any officer who takes any action contrary to these rules, or to the administrative instructions issued in connection therewith, may be held personally and financially liable for the consequences of his action.

13.2 In the High Commissioner's absence, the Deputy High Commissioner is in charge of the Office of UNHCR and disposes of all powers vested in the High Commissioner by these rules. Similarly, in the absence of a UNHCR official in whom powers have been vested under these rules, these powers will be exercised by his deputy or the officer in charge of the organisational unit concerned.

13.3 Where no specific provision is made in these rules, the Financial Regulations of the United Nations shall apply.

13.4 These rules supersede all previous rules relating to the High Commissioner's voluntary funds.